

BUSINESS GUIDE TO SELLING SECURITIES IN MICHIGAN

Dear Business Persons:

We are pleased to present this brochure to Michigan's business community to give business owners who are considering raising capital through the sale of securities a general overview of the Michigan Uniform Securities Act (the "Act"). This brochure will only provide entrepreneurs with a summary of the registration and exemption provisions of Michigan and federal law and should not be used as a means to make an actual securities offering.

We recognize that a business may need capital to develop a new product, offer new services or expand its production capacity. Therefore, certain small business issuers may want to consider filing under Michigan's Small Company Offering Registration (SCOR). In 1993, Michigan introduced a program to make it easier for small businesses to raise start-up and growth financing by selling stock or debt to the public. This program was updated in 1996 through revisions to the Act. By selling securities under SCOR, small businesses will be able to create a larger capital base which will allow them to grow and prosper in our global economy.

To ensure investor protection, the business issuer is required by law to provide full and fair disclosure of the terms and conditions of a proposed offering. We believe this is essential to balance the needs of legitimate capital formation with investor protection. While we encourage companies to consider selling securities as a means to raise capital, we realize that it may not be appropriate for all companies.

We hope business owners will find this brochure helpful in their business endeavors and wish them success in the future. However, if additional information is needed, call the Office of Financial and Insurance Services at (517) 241-6350 or visit our Web site at www.cis.state.mi.us/ofis/.

Sincerely yours,

Kathleen M. Wilbur
Director
Michigan Department of Consumer &
Industry Services

Frank M. Fitzgerald
Commissioner
Office of Financial and Insurance Services

Business Guide to Selling Securities in Michigan

This brochure is designed to help individuals understand state and federal requirements governing the sale of securities in Michigan. However, this brochure is not intended as legal advice. You may wish to consult with a financial or legal advisor before beginning any activities relating to the sale of securities.

Michigan Department of Consumer & Industry Services

Office of Financial and Insurance Services

Printed under authority of P.A. 265 of 1964, as amended.
Total copies: 500; Total Cost: \$326.55; Unit Cost: \$0.653

The Michigan Department of Consumer and Industry Services
does not discriminate on the basis of race, color, national origin,
sex, religion, age or disability in employment or the provision of
services.

INDEX-----

General Information

Introduction	1
Definition of a Security	1

Laws Governing the Sale of Securities in Michigan

"Blue Sky Laws"	1
Michigan Uniform Securities Act	2
Securities Act of 1933	2
Securities Exchange Act of 1934	2

Should I "Go Public?"

Registration of Securities	3
Midwest Regional Review	4
Small Company Offering Registration (SCOR)	4
Advantages	4
Disadvantages	5

Exemptions from Michigan Securities Registration Requirements

Important Things to Note	6
Private Placements	7
Uniform Limited Offering Exemption (ULOE)/Regulation D	9
Institutional Purchaser Exemption	11

WHERE TO GO FOR MORE INFORMATION

The Michigan Office of Financial and Insurance Services staff will answer questions and provide assistance concerning the Michigan Uniform Securities Act (hereafter called the Michigan Act) and rules. Information about federal securities laws can be obtained from the Securities and Exchange Commission's (SEC) Washington, D.C. office or from the regional offices of the Commission. For information about the securities laws of other states, contact the securities agency in the appropriate state. State securities agencies are located in the capitol city of each state.

Copies of the Michigan Act and rules are available from the Office. Send a brief written request or visit the Office's Web site at www.cis.state.mi.us/corp/. The only book devoted to the Michigan Act and rules is entitled, Michigan Securities Regulation, C. Moscow and H. Makens, editors, and it can be obtained from the Institute of Continuing Legal Education, Hutchins Hall, Ann Arbor, Michigan 48109, telephone (734) 764-0533. Other books and periodicals dealing with state and federal securities regulation can be obtained from public libraries or law libraries at Michigan law schools.

STATE SECURITIES LAW

WRITE...

Michigan Office of Financial and Insurance Services
Division of Securities
6546 Mercantile Way
P.O. Box 30701
Lansing, Michigan 48909-8201

CALL...

1. For information about securities registration or exemptions:
Office of Financial and Insurance Services
Division of Securities
(517) 241-6350
www.cis.state.mi.us/ofis/
2. For information about enforcement actions under the Michigan Act or to file complaints:
Office of Financial and Insurance Services
Division of Securities
(517) 241-6350
3. For information concerning securities broker-dealers, finders or investment advisers:
Office of Financial and Insurance Services
Division of Securities
(517) 241-6350

4. For information concerning securities agents:
Office of Financial and Insurance Services
Division of Securities
(517) 241-6360

FEDERAL SECURITIES LAW AND BROKER-DEALER INFORMATION:

Securities and Exchange Commission
Office of Small Business
450 Fifth Street, N.W.
Washington, D.C. 20549
Telephone: (202) 942-2950
www.sec.gov

Securities and Exchange Commission
Midwest Regional Office
Citicorp Center, Suite 1400
500 W. Madison Street
Chicago, Illinois 60661-2511
Telephone: (312) 353-7390

National Association of Securities Dealers
5 Choke Cherry Road
Rockville, Maryland 20850
(800) 289-9999 or (301) 417-6868
www.nasdr.com

GENERAL INFORMATION

Introduction

This brochure is an overview of an extremely complex law. The brochure is designed to acquaint the lay reader with the securities registration process and with some of the more popular transactional exemptions from the registration requirements. However, technical compliance with the requirements of state and federal securities law is necessary to avoid exposure to criminal, civil or administrative penalties. A person should not engage in any securities related activities until their intended course of action has been discussed with competent legal counsel.

Definition of a Security

Before proceeding with a discussion of the laws governing the offer and sale of securities, it is important to define the term "security." The term security is very broadly defined under state and federal law/statutes. A common definition of security includes any, "...note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; pre-organization certificate or subscription; transferable share; investment contract; voting-trust certificate; certificate of deposit for a security; certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; or, in general, any interest commonly known as a 'security,' or any certificate of interest or participation in, temporary or interim certificate for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing."

Many of these terms, particularly "investment contract," have been expanded by judicial decision to encompass a variety of money raising ventures. When applying the definition of a security to a particular transaction, courts routinely ignore the labels applied to the form of the transaction and, instead, focus on the economic realities of the relationship between the parties. Thus, if a person creates a general partnership (general partnership interests are usually not considered to be securities), but structures the transaction so that all other general partners, apart from oneself, will play a passive role in the operation of the partnership, the general partnership interests may be treated as securities. In addition, in 1993 the Michigan Limited Liability Company Act became effective, authorizing the formation of limited liability companies in Michigan. The proposed offer and sale of membership interests in a limited liability company may also be considered securities. The Michigan Act also includes any contractual or quasi contractual arrangement (as defined in the Michigan Act) within the definition of security.

LAWS GOVERNING THE SALE OF SECURITIES IN MICHIGAN

Securities laws were first enacted at the state level preceding World War I. State governments wanted to protect citizens from fly-by-night promotions and other fraudulent investment schemes which followed on the coattails of this country's industrial revolution. These laws were, in the

words of one commentator, designed to protect the public from "speculative schemes which have no more basis than so many feet of blue sky." Thus, these early statutes came to be called Blue Sky Laws, a term still used to refer to state securities statutes.

Michigan's first securities statute was enacted in 1913, about 20 years before securities legislation was enacted at the federal level. Over the years, new securities statutes superseded the original law and various amendments were enacted to accommodate legitimate business interests and to cope with new forms of investment fraud. In the mid-1950's, the National Conference of Commissioners on Uniform State Laws developed a model securities statute called the Uniform Securities Act. In 1965, our legislature enacted the model law, called the Michigan Uniform Securities Act. The Michigan Act, which was extensively amended in 1978 to accommodate the capital needs of small business, continues to govern the sale of securities in and from Michigan.

The Michigan Act is administered by the Office of Financial and Insurance Services (the "Office"), an agency within the Michigan Department of Consumer & Industry Services. The Michigan Act contains four major parts:

1. The anti-fraud provisions which require a seller of securities to disclose material information to prospective investors.
2. The registration of securities industry professionals (brokerage firms and securities salespersons and investment advisory firms).
3. The registration of securities which will be publicly offered to investors.
4. Exemptions from the securities registration provisions.

Securities are also regulated by the federal government. The SEC is the federal agency charged with administering federal securities laws. The focus of the SEC's regulatory effort is directed toward national securities offerings and the integrity of national financial markets. The two major federal securities laws are the Securities Act of 1933 (1933 Act) and the Securities Exchange Act of 1934 (1934 Exchange Act). The 1933 Act provides for the registration of securities and creates certain exemptions from registration. The 1934 Exchange Act establishes periodic reporting requirements for publicly held companies, regulates proxy solicitation of shareholders, regulates tender offers and confers regulatory authority over securities industry professionals. All federal securities laws contain anti-fraud provisions which impose a duty to disclose material information in connection with the offer and sale of securities. The jurisdiction of the SEC includes almost all securities sales in or from the United States.

SHOULD I "GO PUBLIC?"

The Advantages and Disadvantages of a Public Securities Offering

A public securities offering of common stock involves a change from a closely held corporation with a limited number of shareholders to a publicly-owned corporation with a larger number of shareholders (usually 500 or more shareholders). A corporation "goes public" by selling its securities to the public after the securities have been registered at the state and federal levels.

The process of registering securities under the Michigan Act is initiated by filing a registration application with the Office. A registration statement consists of a prospectus and supplemental information in the form of exhibits to the prospectus. The prospectus contains material information** about the issuer (the company whose securities are being registered) and its securities. The prospectus is prepared in a brochure or booklet format. It contains, under separate topical headings, a discussion of the following items:

- The kind and amount of securities being registered.
- The distribution costs associated with the securities offering.
- The risk factors associated with the purchase of the securities.
- The use of proceeds from the securities offering.
- A description of the company's business.
- Background information and experience of the company's officers and directors.
- A description of outstanding options or warrants for the company's securities.
- Audited financial statements.
- Other material information.

Registration by Coordination

This type of registration is available when a corresponding registration statement has been filed with the SEC. In many cases, a company that has filed by coordination has also filed in several other states.

Registration by Qualification

This type of registration is generally used when the company is relying on a federal exemption but wishes to register its securities in the state of Michigan.

**Material information means that there is a substantial likelihood that a reasonable investor would consider the information important in deciding whether to invest in the securities being offered.

After the registration statement is filed with the Office's Division of Securities, it will be reviewed by an examiner for compliance with the Michigan Act and rules promulgated under the Michigan Act. If the examiner has questions about the registration statement, a comment letter will be sent to the issuer's legal counsel. After all comments have been satisfied, a registration order covering the securities will be issued by the Office. Thereafter, the securities can be sold in Michigan.

In addition to compliance with the Michigan Act, if the securities are being registered at the federal level, the registration statement must also be declared "effective" (registered) by the SEC. Federal Regulation A may also be available which allows a company to raise up to \$5 million if certain requirements are met. Registration will also be necessary in most other states where the securities will be sold.

Midwest Regional Review Program

Michigan is a participant in the "Midwest Regional Review Program." Regional review is available to issuers that desire to offer their equity securities in any or all of the states of Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, North Dakota, South Dakota and Wisconsin. Contact the Division of Securities for more information on this program.

SCOR

In 1993 the Michigan Office of Financial and Insurance Services adopted a question and answer form (Form U-7) to enable corporations to raise up to \$1 million every 12 months through the sale of securities to the public. This is known as Small Company Offering Registration (SCOR). SCOR is intended to simplify raising seed capital for business start-ups and other small business financing (see Section 304a of the Michigan Act).

Certain entities are precluded from using SCOR and companies filing under SCOR must meet certain standards. For more information concerning SCOR, please contact the Division of Securities and request a SCOR package or visit the Office's Web site www.cis.state.mi.us/ofis/.

There are several factors that should be considered before deciding whether "going public" is the appropriate method of raising additional capital. Several of the more significant advantages and disadvantages of becoming a publicly held company are described below.

Advantages

1. **New Capital.** A successful public offering will result in a significant amount of additional capital for growth and development of a business. A public offering may enable a person to retain more control over the company than in the case of an investment by a venture capitalist. However, as noted below, "going public" will necessarily entail a loss of some control and flexibility in running a business.

2. **Negotiability of Your Company's Securities.** As a result of a public offering, securities may be traded and have a readily ascertainable market value.
3. **Name Recognition and Prestige.** After going public, a company may become more widely known in the financial and business communities.
4. **Future Financing on Favorable Terms.** A public offering may improve a company's balance sheet by increasing equity and cash and may enable a company to obtain loans on more favorable terms. If a company's securities perform well in the secondary market, future public offerings can offer a continuing source of additional capital.
5. **Advertising.** A company may be able to use sales literature or advertisements announcing the offering. Such materials must be approved by the Office prior to use for qualification filings.

Disadvantages

1. **Loss of Flexibility and Control.** After a public offering, if a large percentage of a company is owned by public investors, some control over a company's affairs may be lost. A person will lose some flexibility in directing the company's affairs in those areas requiring shareholder approval. After "going public" a company may also be subject to the risk of being acquired in a hostile tender offer.
2. **Reporting Obligations.** After "going public," federal securities laws (primarily the 1934 Exchange Act), impose a continuing duty on companies to disclose information to shareholders and the SEC. Fulfilling this disclosure obligation is expensive and time consuming. Inaccurate or misleading disclosures may expose a company's officers and directors to various civil and criminal liabilities.
3. **Cost of Going Public.** While the cost of registering securities at the state level is relatively insignificant (usually less than one percent of the total offering), it is substantial in real terms. The cost of registering securities at the federal level is very substantial, especially when legal, accounting and printing expenses are included.
4. **Expectations of Shareholders.** A company's shareholders may become dissatisfied with the company's performance.

Apart from the advantages and disadvantages listed above, as a practical matter it is only when a company establishes a position in its particular line of business, reaches a certain size, and requires millions of dollars in additional capital that a public offering registered at the federal level becomes a realistic undertaking. There are, however, various exemptions that enable a company to sell its securities without registering them at the state or federal levels. Some of the more significant exemptions under the Michigan Act will be discussed in the exemption section.

EXEMPTIONS FROM MICHIGAN SECURITIES REGISTRATION REQUIREMENTS

There are several exemptions from the securities registration requirements of the Michigan Act. These exemptions which are most likely to be used by small businesses are discussed below. There are, however, several caveats which should be kept in mind when reviewing this material.

First, the anti-fraud provisions of federal and state securities laws apply to all securities sales regardless of whether the securities are registered or exempt from registration. A misstatement or omission of a material fact in connection with the offer and sale of securities can result in administrative, civil or criminal penalties. A violation of the anti-fraud provisions may also serve as a basis for a civil suit by investors.

Second, most exemptions under state and federal securities laws require technical compliance with the specific terms of each exemption. Failure to adhere to these technical requirements will give investors the right to rescind the sale of the securities and get their money back with interest.

Third, the focus of the following discussion will be on the exemptions in the Michigan Act, with limited references to federal securities law. Even if there is compliance with the terms of an exemption in the Michigan Act, compliance with an appropriate exemption under federal securities law is also necessary. If securities are sold in other states, compliance with the securities statutes in those states is required as well.

Fourth, each of the exemptions under the Michigan Act discussed below have their own specific requirements, but there are some prohibitions which generally apply to all the exemptions:

1. General advertisements for investors or advertisements which offer securities for sale are prohibited.
2. Payment to anyone for contacting prospective investors or for offering or selling securities is also prohibited, unless the person is registered as a broker-dealer or sales agent under state and federal securities law.
3. Purchasers of securities which are sold in reliance upon one or more of the exemptions discussed below receive restricted securities, i.e., the securities cannot be resold except in conformity with another exemption or registration. Purchasers generally must be willing to hold the securities for a period of time as an investment and not purchase with the intention of reselling the securities shortly after purchase.

Private Placements

A "private placement" is a term which refers to a non-public offering of securities, usually sold to a limited number of investors. There are several exemptions in the Michigan Act which afford small businesses an opportunity to privately place their securities and thereby avoid the need to file a registration statement with the Office.

One of the private placement exemptions is contained in Section 402(b)(10) of the Michigan Act. This exemption permits the sale of securities to a maximum of 10 purchasers pursuant to a "preorganization certificate or subscription" in connection with the formation of a corporation. A preorganization certificate or subscription is merely an agreement to purchase the stock of a corporation when it is formed. The exemption is available if no commissions are paid for soliciting prospective subscribers; there is no advertising for investors and purchasers are buying the securities for investment; and there is no intention of reselling the securities.

Additional private placement exemptions are contained in Section 402(b)(9) of the Michigan Act. Section 402(b)(9) contains 5 separate exemptions, each imposing different conditions.

The first of the exemptions in this section permits up to 10 total sales of securities in any 12-month period from the following classes of persons:

Persons who are or will be actively engaged in the management of the issuer's business (the company whose securities are being offered for sale).

Attorneys or accountants who are retained in a professional capacity by the issuer.

Individuals related by blood or marriage to persons actively engaged in the management of the issuer.

An additional 15 sales of securities may be made to persons whose principal business is the same as the issuer's business and who are qualified by previous experience to evaluate the risks of the investment. Thus, a corporation which produces computer software could sell its securities to 15 purchasers who were employed in management positions in the computer industry if those persons, due to their previous experience, were able to weigh the risks associated with investments in the software business.

Section 402(b)(9)(D)(2) exempts sales of up to 15 persons (this number has been expanded by rule to 25 persons if the exemption mentioned earlier in Section 402(b)(10) is not being used) in any 12-month period if all prospective investors are furnished a disclosure document 48 hours before the sale of the securities. The contents of the disclosure document are specified in detail in this section of the Michigan Act.

A similar exemption is contained in Section 402(b)(9)(D)(3), which allows securities to be sold to 35 investors within any 12-month period. Unlike the exemptions previously discussed, an application and disclosure document must be filed with the Office and securities can only be sold after an exemption order has been issued. The disclosure document must contain the disclosures required under Section 402(b)(9)(D)(2), and it must also be delivered to prospective investors 48 hours before a sale of the securities is completed.

The final exemption is contained in Section 402(b)(9)(D)(5) of the Michigan Act. It permits an unlimited number of securities sales to individuals and businesses that meet certain net worth or income requirements. This exemption requires that a prospective investing business have a net worth in excess of \$1 million or an after tax net income in excess of \$100,000 and make a maximum investment of less than 10 percent of its assets in the issuer's securities. In the case of an individual investor the net worth and income standards are similar but there is a minimum investment requirement of \$50,000 or more in the securities of the issuer. The individual must have knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the prospective investment or has obtained the advice of certain listed professionals with respect to the merits and risks of the prospective investment.

All of these exemptions may be added together to exempt a series of transactions. However, each separate sale of securities must be exempt under at least one of the sections of the Michigan Act.

There are 3 exemptions under federal securities law (the 1933 Act) which are closely related to the exemptions discussed above. These are: the intrastate exemption, the private offering exemption and the Regulation A exemption.

The intrastate exemption in Section 3(a)(11) of the 1933 Act and SEC Rule 147 requires that the issuer be incorporated in the state where the securities are offered for sale, that a significant amount of the issuer's business occur in the state where the securities are sold and that offers and sales only be made to residents of the state where the issuer is located. Additionally, 80 percent of the net proceeds of the offering must be spent in the state where the issuer is located. There is no limitation on the amount of securities which can be sold according to the intrastate exemption.

The private offering exemption in Section 4(2) of the 1933 Act generally allows securities sales to 35 investors in any 12-month period. Each investor must be sophisticated enough to evaluate the risks of the investment, be capable of bearing the economic risks of the investment and have access to material information about the issuer and its securities.

Regulation A, promulgated by the SEC under Section 3(b) of the 1933 Act, permits the sale of securities in an aggregate amount of \$5 million in any 12-month period. An offering statement (disclosure document) and application must be filed in one of the SEC's regional offices and provided to investors before the securities are sold.

ULOE/Regulation D

On December 17, 1983, in an effort to facilitate capital formation by small business, the Office adopted the Uniform Limited Offering Exemption (ULOE) rule. Shortly before ULOE was adopted, the SEC revised and consolidated its regulations concerning exempt offerings. Regulation D was the result of the SEC's efforts to modernize its exemptions. It is a series of rules which create several separate exemptions from the registration provisions of the 1933 Act.

After Regulation D became effective, the North American Securities Administrators Association, an organization of state securities agencies, developed the ULOE and recommended that state securities agencies also adopt it. ULOE is specifically designed to dovetail with the Regulation D exemptions to facilitate capital formation, primarily with small businesses.

The two principal exemptions in Regulation D are contained in Rules 505 and 506. The Rule 504 exemption is not available under ULOE. Rule 505 allows an issuer to sell up to \$5 million worth of securities on an exempt basis. Securities exempt under Rule 505 may be sold to an unlimited number of "accredited investors" and/or up to 35 non-accredited investors. The term "accredited investor" as defined in Regulation D includes such entities as a bank; a savings and loan; insurance company; registered investment company; business development company; small business investment company; a broker-dealer registered with the SEC; certain kinds of employee benefit plans and non-profit tax-exempt organizations, corporations and trusts with assets exceeding \$5 million. Also included within the definition of "accredited investor" are individuals whose net worth is in excess of \$1 million and individuals whose income is in excess of \$200,000 (not including income of the spouse) or \$300,000 (including income of the spouse) in each of the two most recent years and who expects that amount in the current year.

If only "accredited investors" are sold securities under Rule 505, no specific disclosure document is required. All purchasers must be furnished with a disclosure document which includes financial statements (if any of the prospective investors are non-accredited persons). The issuer must also file a notice of sale on Form D with the SEC (15 days after the first sale).

Rule 506 provides a "safe harbor" under the exemption provided by Section 4(2) of the 1933 Act. Under Rule 506 of Regulation D, there is no ceiling on the amount of securities which can be sold. With Rule 506 offerings, sales may be made to an unlimited number of "accredited investors" and/or up to 35 non-accredited investors.

If sales under Rule 506 are only made to accredited investors, no specific disclosure document is required. If non-accredited investors are involved in the offering, the disclosure requirements of Rule 502(b) must be met. Securities offered for sale under these exemptions may not be sold through general solicitation or advertising. Purchasers of securities sold in offerings exempt under Rule 505 or Rule 506 obtain restricted securities. Investors are expected to hold the securities for at least 2 years from the date of purchase.

As stated in Rule 803.7, "The major objective of this rule is to facilitate regional and national exempt offerings through uniformity among the states and compatibility with federal exemptions." Securities Rule 803.7 of ULOE incorporates by reference the exemption provided in Rule 505 of Regulation D. The ULOE also contains the following conditions:

The issuer is required to file Form D with the Office within 15 days of the first Michigan sale. In addition to Form D, the issuer must also file with the Office a consent to service of process and a statement agreeing to furnish disclosure documents and other material which have been given to investors (if requested by the Office). This requirement also applies to Rule 506 filings in Michigan.

All sales in Michigan to non-accredited investors may only be made if the issuer has reasonable grounds to believe, after inquiry, that either the investment is suitable for the non-accredited person based on the investor's financial condition and objectives, or the non-accredited person has sufficient business and financial experience to evaluate the risks and merits of the prospective investment.

Sales exempt under ULOE cannot be combined with other exemptions in the Michigan Act.

Persons convicted of felonies involving fraud or deceit (i.e., securities fraud, forgery, or embezzlement), or who have had enforcement orders or injunctions issued against them under state or federal securities laws within 5 years of the date of the offering are disqualified from using ULOE. The Rule also disqualifies other parties from using ULOE. However, these and other grounds may be waived by the Office for good cause. Waivers must be obtained before securities are offered for sale.

A \$100 filing fee is also required under Section 402(b)(21) of the Michigan Act and for Rule 506 filings.

Please be advised that Rule 506 was affected by federal legislation that was adopted in 1996. The filing requires remain unchanged.

The Institutional Purchaser Exemption

Section 402(b)(8) of the Michigan Act provides an exemption for the sale of securities to an unlimited number of banks, savings institutions, trust companies, insurance companies, investment companies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, pension or profit sharing trusts of which the assets are managed by an institutional manager, the treasurer of the state of Michigan, other financial institutions or broker-dealers, whether the purchaser is acting for itself or in some fiduciary capacity, or a lender approved by the Federal Housing Administration. A specific disclosure document is not required. However, as previously mentioned, all securities sales must comply with the antifraud provisions of federal and state securities law.

CONCLUSION

The sale of securities can be an excellent source for a small company to raise capital. While a company can take advantage of the registration and exemption provisions of the Michigan Act as described in this guide, the burden of complying with the securities laws is on the company and its officers and directors. While the Office will attempt to assist legitimate companies, a person may wish to retain the services of competent legal counsel to assist in understanding and complying with the Michigan Act.